

Message Text

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ACTION EB-07

INFO OCT-01 AF-08 NEA-10 ISO-00 PA-01 PRS-01 USIA-06 L-03

FRB-03 OMB-01 ITC-01 SP-02 AGRE-00 AID-05 CIAE-00

COME-00 INR-07 IO-13 LAB-04 NSAE-00 OIC-02 SIL-01

STR-04 TRSE-00 CIEP-01 CEA-01 FEA-01 /083 W

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R 301646Z NOV 76

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 5519

INFO AMEMBASSY AMMAN

AMEMBASSY DAKAR

AMEMBASSY LOME

AMEMBASSY RABAT

AMEMBASSY TUNIS

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E.O. 11652: N/A

TAGS: EMIN, GEN, SG, AG

SUBJECT: DAKAR MEETING OF PHOSPHATE EXPORTERS

REF: STATE 283462, DAKAR 7828

1. EMBASSY COMMERCIAL OFFICER DISCUSSED SUBJECT MEETING
WITH MINISTRY INDUSTRY AND ENERGY OFFICIAL.

2. OFFICIAL WAS VERY OPEN, BY ALGERIAN STANDARDS,
AND WAS GENERALLY POSITIVE ABOUT RESULTS OF MEETING.
SAID IT WAS TOO BAD THAT PHRASE "OPEC OF PHOSPHATES"
WAS BEING USED, ESPECIALLY IN PRESS, BECAUSE "CIRCUMSTANCES
ARE NOT PARALLEL". HE SAID ACCURATE ACCOUNTING OF MEETING
CONTAINED IN ALGERIA'S "EL MOUDJAHID" AND FRANCE'S "LE MONDE".
IT INTERESTING THAT BOTH ACCOUNTS CONTAIN THREE
ESSENTIALLY IDENTICAL PARAGRAPHS, WHICH ALSO CORRESPOND
TO LE SOLEIL ACCOUNT CITED DAKAR REFTEL.

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WE QUOTE: "THE PERMANENT ORGANIZATION WILL HAVE

AS ITS MISSION TO DEFINE A NEW COMMON STRATEGY WHICH WILL DETERMINE, FOR EACH PERIOD ACCORDING TO THE MARKET, THE GLOBAL TONNAGE TO PLACE FOR SALE FROM ALL THE MEMBER COUNTRIES AND THE METHOD OF PARTITIONING THIS TONNAGE, AS WELL AS THE PRICE.

" THE SIX COUNTRIES ALSO AGREED THAT SCOPE OF APPLICATION OF THE ORGANIZATION TO BE CREATED MUST INCLUDE RAW PHOSPHATE AS WELL AS TRANSFORMED PRODUCTS.

"ON THE OTHER HAND THE DELEGATIONS WERE NOT ABLE TO AGREE ON THE EXACT FORM AND NATURE OF THE FUTURE ORGANIZATION."

3. OFFICIAL SAID THAT MEETING PRODUCED A "MEMORANDUM" IN WHICH WAS OUTLINED GENERAL GUIDELINES FOR FUTURE FORM AND NATURE OF ORGANIZATION. HE SAID THIS MEMORANDUM WAS TO BE REVIEWED BY GOVERNMENTS AND RETURNED, INDICATING EITHER APPROVAL OR DISAPPROVAL, TO DAKAR BY NOVEMBER 25, 1976. PARENTHETICALLY, HE MENTIONED THAT ALGERIA HAD RETURNED DOCUMENT BY DEADLINE. HE WOULD NOT STATE WHAT ALGERIA'S ANSWER WAS, BUT LEFT LITTLE DOUBT THAT IT WAS POSITIVE. HE SAID AFTER THE RETURNED MEMORANDA ARE ANALYZED, INSTRUCTIONS ARE TO PROCEED WITH ACTUAL ESTABLISHMENT OF SMALL SECRETARIAT, WRITING OF BY-LAWS, ETC. " IN THE SHORTEST DELAY POSSIBLE."

4. REGARDING LONG-TERM SUPPLY CONTRACTS, OFFICIAL SAID THIS DEFINITELY GOAL AND EMPHASIZED "MUTUAL INTEREST" OF BOTH PURCHASERS AND SUPPLIERS. HE INDICATED THAT ACHIEVING THIS GOAL MIGHT YET BE A PIECE DOWN THE ROAD. HE SAID THAT PRODUCERS OF COURSE WOULD WANT SOME FORM OF ESCALATION CLAUSE SO AS TO BENEFIT, AT LEAST TO A DEGREE, FROM PRICE INCREASES, WHILE CONSUMERS NATURALLY WOULD WANT DE-ESCALATION CLAUSES TO TAKE ADVANTAGE OF POSSIBLE MARKET DECLINES. WHILE DIFFICULT, HE DID NOT THINK TASK IMPOSSIBLE. IT CLEAR, THOUGH, FROM HIS DISCUSSION THAT THESE RUMINATIONS WERE LIMITED OFFICIAL USE

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EITHER PERSONAL OR ALGERIAN AND THAT SUBJECT NOT FULLY RESOLVED AT DAKAR.

5. NO REAL INDICATION GIVEN OF FUTURE PRICING PRACTICES OR OTHER MARKET INTERVENTION, EXCEPT A COMMENT THAT THERE ARE MANY WAYS OF ACHIEVING MORE STABLE PRICES BESIDES REDUCING PRODUCTION. OFFICIAL MENTIONED SPECIFICALLY STOCKPILING AND LONG-TERM CONTRACTS.

6. OFFICIAL DID NOT REFER TO ALEXANDRENNE REMARKS AS SUCH, BUT DID COMMENT WRYLY THAT IT PRIMARILY RESULT OF US ACTIVITIES ON EUROPEAN MARKET THAT CAUSED PRECIPITIOUS DROP IN PRICE, THUS CAUSING PRODUCERS TO SEE NEED FOR SOME KIND OF ORGANIZATION. IT INTERESTING THAT LE MONDE ARTICLE (NOV. 16) DEVOTED FULL PARAGRAPH TO THIS SUBJECT, WHILE IT OMITTED COMPLETED FROM EL MOUDJAHID.

7. JUDGING BY OFFICIAL'S PUZZLED EXPRESSION WHEN QUESTION WAS POSED, EITHER UNCTAD PHOSPHATE CONSULTATIONS WERE NOT DISCUSSED, OR HE WAS ABSENT DURING DISCUSSION.

8. ALGERIA IS PLANNING INCREASE PHOSPHATE PRODUCTION AND PROCESSING CAPACITY, THOUGH DETAILS AND ESPECIALLY TIMING WERE NOT FORTHCOMING. GIVEN ALGERIA'S CURRENT BUDGET DIFFICULTIES, EMBASSY DOES NOT RPT NOT BELIEVE THIS WILL HAPPEN SOON. OFFICIAL CLAIMED TO HAVE NO INFORMATION REGARDING OTHER COUNTRIES' INTENTIONS IN THIS REGARD.

9. COMMENT: DEPT AND EMBASSY RABAT MIGHT BE INTERESTED THAT, DURING DISCUSSION CITED PARA 6 ABOVE, ONE THREAD RUNNING THROUGH CONVERSATION WAS THAT "WE" FELT SOME COUNTRIES, ESPECIALLY TOGO AND MOROCCO, WERE BEING PARTICULARLY HURT, AND SOME STEPS SHOULD BE TAKEN TO HELP THEM. AT NO TIME WAS THERE ANY INDICATION THAT RELATIONS BETWEEN ALGERIA AND MOROCCO WERE LESS THAN HARMONIOUS; ON CONTRARY, HE EXPRESSED REAL CONCERN OVER MOROCCO'S PLIGHT (THOUGH HE DID SMILE SLIGHTLY WHEN SAYING THAT US INTERVENTION IN EUROPEAN MARKET HURT MOROCCO MORE THAN OTHERS.)PARKER
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